

CH2M HILL HANFORD GROUP, INC
SERVICES GENERAL PROVISIONS
Labor Hour/Time and Material Contract Type

April 21, 2003
Rev. 1

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SUBCONTRACT FLOW-DOWN REQUIREMENTS

SUBCONTRACTOR shall bind all lower-tier subcontractors, regardless of tier level, to the provisions of this Subcontract where indicated with an asterisk (*) as a required flow down or as stated in the clause text.

DEFINITIONS

Whenever used in this document, the following definitions shall be applicable unless the content indicates otherwise.

BTR – The term BTR refers to the Buyer’s Technical Representative

Buyer – The term Buyer means the CH2M HILL Hanford Group, Inc. (CH2M HILL) designated Procurement Representative.

Government – the term Government shall mean the United States of America and includes the U.S. Department of Energy (DOE) or any duly authorized representative thereof, including the Contracting Officer.

Lower-Tier Subcontractors - the term “lower-tier subcontract” includes purchase orders and rental agreements for materials or equipment, and other services not performed by the SUBCONTRACTOR under this Subcontract agreement.

Other Direct Costs (ODC) - The term Other Direct Costs shall mean equipment, components, parts, materials, and subcontracted labor to be provided by SUBCONTRACTOR and its sub-tier subcontractors pursuant to this Subcontract.

SUBCONTRACTOR – The term SUBCONTRACTOR means the individual or entity that has entered into this Subcontract with CH2M HILL.

Subcontract – The term Subcontract shall mean this Subcontract between CH2M HILL and SUBCONTRACTOR. This will also include task orders and releases under the Subcontract.

Services – The term services shall mean labor, direction of labor, production of technical information, consulting services or any other services furnished by SUBCONTRACTOR and its SUBCONTRACTORS under this Subcontract.

ARTICLE 1.0 CONTRACT TYPE

1.1 Labor Hour Contract Type

If identified and provided for in the body of this Subcontract, this Subcontract is a **Labor-Hour Contract type** and direct labor hours are to be provided at specified fixed hourly rates that include wages, overhead, general and administrative expenses, other indirect costs consistent with the SUBCONTRACTOR’s accounting practices and profit. No other direct costs will be reimbursed under this Subcontract.

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1.2 Time and Materials Contract Type

If identified and provided for in the body of this Subcontract, this contract is a Time and Materials contract type. Labor and other direct costs (ODCs) will be reimbursed under this Subcontract type. Direct labor hours will be provided at specified fixed hourly rates that include wages, overhead, general and administration, other indirect costs consistent with the SUBCONTRACTOR'S accounting practices, and profit. Materials are defined as ODCs. ODCs shall only be charged to the Subcontract if specifically identified and authorized by the Buyer at the time of Subcontract award or by amendment to the Subcontract. ODCs that will be reimbursed shall meet the following conditions under this Subcontract type:

- (i) ODCs must be allocable, allowable and reasonable.
- (ii) ODCs may include direct materials and/or lower-tier subcontracting.
- (iii) ODCs, as used in this clause, are those materials which enter directly into the end product, or which are used or consumed directly in connection with the furnishing of the end product.
- (iv) Material Handling/General and Administrative Expenses may only be added to ODCs when:
 - (1) Proposed and agreed at the time of Subcontract award and incorporated into the Subcontract's compensation schedule.
 - (2) The SUBCONTRACTOR already has an established cost recovery account that accumulates the SUBCONTRACTOR's costs for obtaining material or incurring other direct costs. This account must be exclusive of all other cost recovery accounts and cannot be recovered in the labor hour rate.
 - (3) The SUBCONTRACTOR shall not apply profit to this cost element. This includes lower-tier Subcontract labor.
 - (4) The costs are consistent with the Federal Acquisitions Regulations (FAR) Part 31.

Reimbursable costs shall not include any costs arising for the letting, administration or supervision of performance of the Subcontract, if the costs are included in the fully burdened hourly rates identified in the Compensation Schedule identified in this Subcontract.

To the extent able, the SUBCONTRACTOR shall obtain materials and services at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and obtain all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. Credit shall be given to the Buyer for cash and trade discounts, rebates, allowances, credits, salvage, the value of any appreciable scrap, commissions, and other amounts that have accrued to the benefit of the SUBCONTRACTOR, or would have accrued except for the fault or neglect of the SUBCONTRACTOR. The benefits lost without fault or neglect on the part of the SUBCONTRACTOR, or lost through fault of the Buyer, shall not be deducted from gross costs.

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ARTICLE 2.0 ORDER OF PRECEDENCE

In the event of a discrepancy among any of the Subcontract terms, conditions, clauses, provisions, written direction and instructions, and documents (collectively, the 'Subcontract'), the following order of precedence shall govern resolution: (i) Buyer's written Subcontract, modifications, directions, and instructions; (ii) Special Provisions; (iii) General Provisions; (iv) Statement of Work ('SOW'); (v) Technical Specifications; and (vi) Drawings.

Nothing recited above shall be construed as superseding or deleting any applicable statute, rule, ordinance, or regulation (collectively, the 'Laws'). In the event of a conflict with Laws, the specific conflicting term of the Subcontract shall be considered null and without effect, and Laws shall govern. All remaining terms unaffected by said Laws should continue in force.

ARTICLE 3.0 TERMS OF PAYMENT

3.1 General Invoice Requirements

3.1.1 Invoice Submission Requirements:

Original invoices and supporting documentation shall be submitted no more than once a month per calendar month to the Buyer's Accounts Payable organization at the address below.

CH2M HILL HANFORD GROUP, INC.

Email electronic invoices to: chg_ap_invoices@rl.gov

Accounts Payable Mail Stop: H6-09

P.O. Box 1500

Richland, WA 99352

3.1.2 Invoice Payment Terms:

SUBCONTRACTOR shall prepare all invoices in a form satisfactory to and approved by CH2M HILL. Except to the extent expressly stated elsewhere in this Subcontract, the invoice is payable thirty (30) calendar days after receipt by CH2M HILL of a properly marked and submitted invoice. Discounts are expected for earlier payments and shall be specifically incorporated in the Subcontract. All unit pricing and payments made shall be in United States dollars only, in the forms of cash, check or electronic transfer as may be agreed upon. Remittance will be made only to the remittance address on file for the SUBCONTRACTOR. Invoices from third parties or with different remittance instructions or addresses will not be processed. Invoices may be submitted electronically, if in an acceptable format. All invoice requirements still apply to electronic invoices.

3.1.3 Invoice Certification:

Submittal of an invoice constitutes SUBCONTRACTORs certification that materials, Work and/or services have been delivered as specified on the invoice in accordance with the Subcontract.

3.1.4 Separate Invoice Requirements:

Each Subcontract and Subcontract Release shall be invoiced separately.

3.1.5 Minimum Invoice Requirements:

As a minimum, the invoice shall identify the following information:

- SUBCONTRACTOR's name, invoice number and Subcontract, Release and/or purchase order number.

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- SUBCONTRACTOR's name and telephone number of a representative available to respond to invoice questions.
- The total amount due for the billing period (this amount shall be separate from cumulative amounts or subtotals included on the invoice).
- Fully burdened labor rates that reconcile to the Subcontract's number of hours invoiced, and the period of performance.
- A listing of ODCs invoiced that reconcile to the Subcontract's compensation schedule with supporting documentation as required by the Buyer.
- A corresponding description of each item billed and amount being billed.

3.1.6 Fully-Burdened Hourly Rate:

Unless specified otherwise, the invoiced amount shall be computed by multiplying the appropriate hourly rate prescribed in the Subcontract/release therein by the number of direct billable labor hours. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis.

3.1.7 Time Sheets:

To expedite payment for services, time sheets for your representative shall be submitted to the Buyer's Technical Representative prior to leaving the job unless this requirement is waived by the Buyer. The Buyer's Technical Representative shall acknowledge on the time sheet receipt of services for the period covered by the time sheet. Time sheets shall be formally approved by the employer representative. One copy of the approved time sheet is to be attached to the invoice when presented for payment.

3.1.8 Identification of Uncompensated Overtime:

Uncompensated overtime means the hours worked without additional compensation in excess of an average of 40 hours per week by direct charge employees who are exempt from the Fair Labor Standards Act. Compensated personal absences such as holidays, vacations, and sick leave shall be included in the normal work week for purposes of computing uncompensated overtime hours.

The offeror's reporting of uncompensated overtime must be consistent with its cost accounting practices used to accumulate and report uncompensated overtime hours.

3.1.9 Reimbursement of Travel Expenses:

When authorized as part of the work scope on a Subcontract, the SUBCONTRACTOR will be reimbursed travel expenses incurred in performance provided that the expenses are for costs incurred for lodging, meals, and incidental expenses considered reasonable, allowable, and allocable to the extent that they do not exceed the maximum per diem rates in effect at the time of travel as set forth in *Federal Travel Regulations* (FTR) for travel within the 48 states:

[Federal Travel & Per Diem GSA Rates Page](#)

[Federal Travel Regulations](#)

Joint Travel Regulations (JTR) for travel in Alaska, Hawaii, the Commonwealth of Puerto Rico, and territories and possessions of the United States; or

Standardized Regulations (SR) for travel allowances in foreign areas.

TEMPORARY ASSIGNMENTS

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A per diem will be paid to SUBCONTRACTOR employees only who are assigned to a project site for less than 12 months. SUBCONTRACTOR employees assigned to a project for more than three months will be expected to vacate hotel lodging and move into residential accommodations. Per diem will be paid in accordance with the rates established by the Federal Travel Regulations.

Temporary Work Assignments (Thirty (30) days or less):

Home visits for less than four (4) consecutive weeks of assignment (on travel status) are not authorized.

Temporary Work Assignments (Sixty (60) days or less):

▪ Transportation other than Airline:

Reimbursement of transportation costs will be at the current FTR per mile rate, for travel made by automobile, or actual fares for other public conveyance, reasonably incurred by SUBCONTRACTOR's personnel in traveling by the shortest and most direct route from his/her home office to (Hanford Site) Richland, Washington, or to other such locations and return, at the request of the Buyer. When travel is by automobile the most direct route shall be determined in accordance with the Rand McNally Standard Distance Chart. Local mileage costs while at the Hanford Site will not be reimbursed, unless specifically authorized by the Buyer.

▪ Transportation by Airline:

Every effort shall be made to plan required travel to obtain the lowest fares available.

▪ Car Rental:

Compact size cars are to be used as a first choice. Should a compact size vehicle not be available, use of a more expensive vehicle must include a certification by the employee of the effort made to obtain the compact vehicle. Actual receipts must document all car rental costs.

▪ Lodging:

Lodging will be reimbursed at the current FTR rate or at the actual cost if less than the allowable FTR rate.

▪ Meals and Incidental Expenses (M&IE):

M&IE will be reimbursed at a flat rate per day; not to exceed the limits specified for the geographical location in the FTR. The daily living expense (M&IE) shall be prorated per the FTR during the first and last day of travel, inclusive of weekend trips home. Weekend stay-overs are paid when continued work is required during the following week.

Temporary Work Assignments - More Than Sixty (60) Days, but Less Than Three hundred Sixty-five (365) Days

Effective the sixty-first day of the work assignment, the following modifications become effective:

The Buyer will pay a reduced per diem rate of \$30 per day to compensate lodging/subsistence expenses. Receipts will not be required for lodging/subsistence while under the reduced per diem rate allowance.

Instead of using a rental car, a SUBCONTRACTOR owned vehicle may be used if determined to be more cost effective. However, shipping cost and arrangements must be pre-approved by the Buyer. The Buyer assumes no liability for accidents when SUBCONTRACTOR owned vehicles are used.

One trip home, to the primary residence, after each four (4) consecutive weeks of assignment (on travel status) to the Subcontract will be reimbursed when approved in advance by the Buyer as follows:

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Fourteen- (14) day advanced coach airfare via the most direct route in accordance with FTR guidelines. If the project Work assignment or an urgent situation prevents the Employee/SUBCONTRACTOR from obtaining the fourteen- (14) day airfare; approval must be obtained from the Buyer. If a personal vehicle is used to return to the primary residence, mileage and lodging will be paid at the current FTR rates, not to exceed the fourteen- (14) day advance airfare rate.

While traveling and at home, per-diem expenses are not reimbursable.

The trips home are neither "bankable," transferable nor cumulative.

Work Assignments Three hundred sixty-five (365) Days and Over:

Unless pre-approved by the Buyer, Work assignments of more than three hundred sixty-five (365) consecutive days are considered permanent. Any incurred travel and living expenses, after three hundred sixty-five (365) consecutive days, are not reimbursable without written pre-approval from the Buyer. This provision shall also apply to SUBCONTRACTOR's employees who transfer to another Subcontract. The number of consecutive days for a transferred employee shall not restart with the new Subcontract but shall continue from the original Subcontract assignment date.

3.1.10 Rejection of Invoices:

Any invoice submitted, which fails to comply with the terms of this Subcontract, including the requirements of form and documentation, may be returned to SUBCONTRACTOR. Any costs associated with the resubmission of a proper invoice shall be to SUBCONTRACTOR's account. Final payment shall not relieve the SUBCONTRACTOR of any obligation under this Subcontract.

3.1.11 Withholding Invoice Payments:

CH2M HILL may, at its sole discretion, withhold payment due for, but not limited to, the following reasons:

- Substandard Work or delays in the Work not corrected promptly.
- Evidence that a claim has been or will be filed against SUBCONTRACTOR.
- Evidence that lower tier SUBCONTRACTOR's or suppliers have not been properly paid.
- Failure to provide accrual reports by the 15th of each month as specified by paragraph 3.1.12 below.

3.1.12 Accruals

This provision applies to all service Subcontracts unless the Subcontract is for one-time work which will be billed during the month the work was performed, if the Subcontract includes automatic payments made by the 15th of each month rather than requiring individual invoices.

It is mandatory for continued acceptable performance under this Subcontract that the SUBCONTRACTOR provide monthly to Accounts Payable the best estimate of the total billable cost (invoiced plus invoiceable) from inception of the Subcontract through the current calendar month end. This information must be provided in writing by email (preferred), fax, or mail by the 15th of each month. This data must be provided for each Subcontract release until all payments are received and the Subcontract is complete.

Email: Accruals-CHG@rl.gov

Fax: (509) 372-8036

Mailing Address:

CH2MHILL Hanford Group, Inc.

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ATTN: Accounts Payable / MSIN H6-09

PO Box 1500

Richland, WA 99352

Monthly Subcontract-to-Date Cost Estimate Form can be obtained at the following Internet Address:

<http://www.hanford.gov/chgcp/subContract.cfm>

3.2 Cash Discounts

Cash discounts will apply from the date a correct, properly supported invoice is received by CH2M HILL.

3.3 Refunds

The SUBCONTRACTOR agrees that any refunds, rebates, or credits (including any related interest) accruing to or received by the SUBCONTRACTOR or any assignee, that arise under the materials portion of this Subcontract and for which the SUBCONTRACTOR has received reimbursement, shall be paid by the SUBCONTRACTOR to the Buyer.

3.4 Taxes

The SUBCONTRACTOR is not obligated to collect Washington State sales or use tax from the Buyer per tax exemption number C601-740-506. All other Federal, State, county, municipal or other taxes not excluded by the Washington State Department of Revenue Resale Certificate must be included in the Subcontract amount. If as a result of this Subcontract the SUBCONTRACTOR becomes eligible for Washington State Business and Occupation Tax Credit for Research and Development spending, the SUBCONTRACTOR shall take such tax credit and assign such tax credit to the Buyer. The SUBCONTRACTOR shall fully cooperate with Buyer in any tax audits or any tax assessment reviews or challenges.

3.5 Right to Offset

CH2M HILL, without waiver or limitation of any rights or remedies of CH2M HILL, shall be entitled from time to time to deduct from any amounts due or owing by CH2M HILL to SUBCONTRACTOR in connection with this Subcontract (or any other Subcontract with CH2M HILL), any and all amounts owed by SUBCONTRACTOR to CH2M HILL or the Government in connection with this Subcontract.

3.6 Interest Payment

No interest is payable to SUBCONTRACTOR for any claim it may have, except that specifically imposed by a court of competent jurisdiction on any judgment, and then only from the date of the entry of judgment.

3.7 Audit

At any time before final payment under this Subcontract, the Buyer may request audit of the invoices and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices, that are found by the Buyer not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments.

3.8 Final Payment

Upon completion of the Work, SUBCONTRACTOR will notify CH2M HILL, in writing, that the Work is complete and that final payment is due. The final invoice shall be submitted for payment after completion and acceptance of Work by CH2M HILL and compliance by SUBCONTRACTOR with all terms of this Subcontract. The final invoice shall be supported by all requested certifications and releases needed to close out the Subcontract including, but not limited to, the attached form entitled "Subcontractor

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Release of Claims" (Form F-48). If the Work has been completed in accordance with this Subcontract, final payment will be made in accordance with the terms of this Subcontract.

3.9 Limitation of Funds

3.9.1 The Subcontract and/or any task order release specifies the dollar amount authorized on this Subcontract/release, the items covered, and the period of performance the amount will cover. The SUBCONTRACTOR agrees to perform, or have performed, Work on the Subcontract up to the point at which the total amount paid and payable under the Subcontract, approximates, but does not exceed the total amount authorized on the Subcontract.

3.9.2 When the parties have negotiated a total award value which exceeds current funding, the authorized funds on the resulting Subcontract will be limited using a limitation of funding clause.

3.9.3 The authorized funding shall be considered a ceiling price which may not be exceeded until the Buyer notifies the SUBCONTRACTOR in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this Subcontract.

3.9.4 The SUBCONTRACTOR shall notify the Buyer identified in the Subcontract, in writing whenever it has reason to believe that the costs it expects to incur under this Subcontract in the next 30 days, when added to all costs previously incurred, will exceed 75 percent of the total amount so far allotted to this Subcontract. The notice shall state the estimated date when such allotted amount will be reached and estimated amount of additional funds required to continue performance for the period specified in the payment schedule. If after such notification, additional funds are not obligated by the end of estimated reach date or by an another agreed date, the Buyer shall upon SUBCONTRACTOR's written request, terminate this Subcontract on the performance end date or the date set forth in the request, whichever is later, pursuant to the provisions of the Termination clause of this Subcontract.

3.9.5 Except as provided by other provisions of this Subcontract, specifically citing and stated to be an exception to this clause:

3.9.5.1 The Buyer is not obligated to reimburse the SUBCONTRACTOR for costs incurred in excess of the total authorized funding; and

3.9.5.2 The SUBCONTRACTOR is not obligated to continue performance under this Subcontract (including actions under the termination clause) or otherwise incur costs in excess of the allotted amount of this Subcontract, until the Buyer notifies the SUBCONTRACTOR in writing that the allotted amount has been increased and specifies the revised total allotted amount.

3.9.6 No notice, communication, or representation in any form or by anyone other than the Buyer shall affect the authorized amount of this Subcontract. In the absence of the SUBCONTRACTOR's notification as described above, the Buyer is not obligated to reimburse the SUBCONTRACTOR for any costs in excess of the total authorized funding, whether incurred during the course of performance period, a termination, or result of an audit.

3.9.7 When, and to the extent that the amount authorized by the Buyer is increased, any excess costs the SUBCONTRACTOR incurred before this modification shall be allowable to the same extent as if incurred afterward, unless this Subcontract was terminated.

3.9.8 Change Orders shall not be considered an authorization to exceed the authorized amount specified in the payment schedule, unless they identify an increased funding amount.

ARTICLE 4.0 OBLIGATIONS OF SUBCONTRACTOR

4.1 Independent SUBCONTRACTOR

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SUBCONTRACTOR is an independent contractor and shall maintain complete control of and responsibility for its employees, lower-tier subcontractors, and agents. SUBCONTRACTOR shall also be solely responsible for the means and methods for carrying out the Scope of Work and for the safety of its employees. Nothing contained in this Subcontract will create any contractual relationship between Government and SUBCONTRACTOR.

4.2 Buyer Authorization

SUBCONTRACTOR shall not further Subcontract performance of all or any portion of the Work under this Subcontract without first notifying CH2M HILL and obtaining CH2M HILL's written acceptance of the lower-tier subcontracting and the lower-tier subcontractor.

4.3 SUBCONTRACTOR Responsibility

SUBCONTRACTOR agrees that it is as fully responsible to CH2M HILL for the acts and omissions of its lower-tier subcontractors and of persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by SUBCONTRACTOR. SUBCONTRACTOR shall not be relieved of its responsibility for the Work by virtue of any lower-tier subcontracts it may place regardless of CH2M HILL's acceptance of such lower-tier subcontract.

Nothing contained in this Subcontract will be construed to create any contractual relationship between any lower-tier subcontractor and CH2M HILL or Government.

4.4 SUBCONTRACTOR Certification

SUBCONTRACTOR will provide certification that the lower-tier subcontractor has the necessary permits and licenses for the Work proposed. SUBCONTRACTOR guarantees that its lower-tier subcontractors will comply fully with the terms of this Subcontract applicable to the portion of the Work performed by them. If any portion of the Work, which has been subcontracted by SUBCONTRACTOR, is not performed in accordance with this Subcontract, on request by CH2M HILL, the lower-tier subcontractor will be replaced at no additional cost to CH2M HILL and will not be employed again on the Work.

4.5 SUBCONTRACTOR Assignment*

SUBCONTRACTOR shall include a provision in every lower-tier subcontract that authorizes assignment of such lower-tier subcontracts to CH2M HILL or the Government without requiring further consent from such lower-tier subcontractor.

4.6 SUBCONTRACTOR Communications

CH2M HILL shall have the right from time to time to contact SUBCONTRACTOR's lower-tier subcontractors, upon notification of the SUBCONTRACTOR, to discuss their progress.

4.7 Organizational Conflicts of Interest*

SUBCONTRACTOR warrants that, to the best of his knowledge and belief, and except as otherwise disclosed, there are no relevant facts which could give rise to organizational conflicts of interest during performance of Work under this Subcontract, or that SUBCONTRACTOR has disclosed all such relevant information to Buyer prior to award of this Subcontract.

4.8 Warranties*

SUBCONTRACTOR warrants that all supplies and services provided under this Subcontract shall conform to the Statement of Work and/or specification included in this Subcontract. SUBCONTRACTOR further warrants that all supplies provided as part of the services shall be merchantable and fit for their intended purposes; new, not refurbished or reconditioned; preserved, packaged, marked and prepared for shipment in a manner conforming to the requirements of applicable law and regulation and this Subcontract; and of an even kind, quality and quantity within each unit and among all units.

These warranty obligations shall survive for one (1) year after acceptance of the supplies or the completion of the services performance hereunder unless a longer warranty period is called for in any writing including, without limitation, specifications,

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drawings or proposals furnished by or to CH2M HILL. CH2M HILL shall notify SUBCONTRACTOR of any warranty claim within thirty (30) days after discovering the defect giving rise to such claim.

SUBCONTRACTOR shall bear all costs and risk for correction or replacement of defective supplies or services, and in the case of supplies, for the cost of returning the defective supplies to SUBCONTRACTOR and their return to CH2M HILL. Any of the supplies or parts thereof, corrected or furnished in replacement under this Paragraph, shall also be subject to the terms of this Paragraph to the same extent as the supplies initially delivered. If replacement or correction is not completed promptly after notice of the defect or if a cure does not appear feasible, CH2M HILL shall have the right to either (i) obtain equivalent supplies or services from other sources (or to provide such supplies or services from internal sources) and to charge the cost thereof to SUBCONTRACTOR or (ii) demand a refund of the funds paid by CH2M HILL for the defective supplies or services. At the Buyer's request, SUBCONTRACTOR shall provide a schedule for completing any proposed cure for defective supplies or services. Failure to provide a schedule within ten (10) working days shall be deemed grounds for CH2M HILL to exercise its rights under the preceding sentence.

If SUBCONTRACTOR disputes CH2M HILL's warranty claim, SUBCONTRACTOR shall nevertheless proceed to correct or replace the defective supplies or services. In the event it is later determined that the supplies or services were not defective, CH2M HILL shall equitably adjust the amount paid or to be paid under the Subcontract to compensate SUBCONTRACTOR for the additional supplies or services provided, subject to offset for any conforming supplies returned by CH2M HILL.

SUBCONTRACTOR shall provide instructions for pick up or disposal of defective supplies. Notwithstanding the provision entitled "Notice of Completion and Final Acceptance" hereof, title to, and risk of loss of, defective supplies that are returned for replacement or refund shall revert to SUBCONTRACTOR upon notice of the defect. If SUBCONTRACTOR fails to furnish timely disposition instructions, CH2M HILL may dispose of the defective supplies for SUBCONTRACTOR's account in a reasonable manner. CH2M HILL is entitled to reimbursement from SUBCONTRACTOR, or from the proceeds of such disposal, for the reasonable expenses of the care and disposition of the defective supplies, as well as for excess costs incurred or to be incurred as a result of the breach of warranty.

The rights and remedies of CH2M HILL provided in this paragraph are in addition to and do not limit any rights afforded to CH2M HILL by applicable law or any other term of this Subcontract.

Without limiting SUBCONTRACTOR's liability under the warranties set out above, SUBCONTRACTOR shall assign to CH2M HILL all manufacturer's warranties for supplies provided to CH2M HILL or other property acquired by SUBCONTRACTOR at CH2M HILL's expense to which the CH2M HILL takes title under the provision entitled "Notice of Completion and Final Acceptance."

4.9 Indemnification*

SUBCONTRACTOR agrees to defend, indemnify and hold harmless Buyer and the Government, the affiliated companies of each, and all of their directors, officers, employees, agents and representatives, from and against:

4.9.1 Any claim, demand, cause of action, liability, loss or expense arising by reason of SUBCONTRACTOR's failure to comply with any law, ordinance, regulation, rule or order. This clause includes, but is not limited to, fines or penalties by Government authorities and claims arising from SUBCONTRACTOR's actual or asserted failure to pay taxes.

4.9.2 Any claim, demand, cause of action, liability, judgment or damages arising from actual or asserted violation or infringement of rights in any patent, copyright, proprietary information, trade secret or other property right caused or alleged to be caused by the use or sale of goods, materials, equipment, methods, processes, designs or information, including construction methods, construction equipment and temporary construction facilities, furnished by SUBCONTRACTOR or its lower-tier subcontractors in performance of the Work. Should any goods or services provided by SUBCONTRACTOR become, or appear likely to become, the subject of a claim of infringement of a patent, copyright or other property right, SUBCONTRACTOR shall, at Buyer's option, either procure for Buyer and the Government the right to continue using such goods or services, replace same with equivalent, non-infringing goods or services, or modify the goods or services so that the use thereof becomes non-infringing, provided that any such modification or replacement is of equal quality and provides equal performance to the infringing good or services.

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4.9.3 Any claim, demand, cause of action, liability, judgment or damages arising from SUBCONTRACTOR's negligence or acts or omissions which results in injury to or death of persons (including employees of Buyer, the Government, SUBCONTRACTOR and SUBCONTRACTOR's lower-tier subcontractors) or results in damage to or loss of property (including the property of Buyer or the Government). SUBCONTRACTOR's defense and indemnity obligations hereunder include claims and damages arising from non-delegable duties of Buyer or arising from use by SUBCONTRACTOR of construction equipment, tools, scaffolding of facilities furnished to SUBCONTRACTOR by Buyer or the Government.

4.9.4 Any claim, demand, cause of action, liability, judgment or damages arising out of any act or omission by SUBCONTRACTOR that results in contamination, pollution, or public or private nuisance.

4.9.5 SUBCONTRACTOR's defense and indemnity obligations shall include the duty to reimburse any attorney's fees and expenses incurred by Buyer or the Government for legal action to enforce SUBCONTRACTOR's indemnity obligations.

4.9.6 In the event that the indemnity provisions in this Subcontract are contrary to the law governing this Subcontract, then the indemnity obligations applicable hereunder shall be construed to be to the fullest extent allowable by applicable law.

With respect to claims by employees of SUBCONTRACTOR or its lower-tier subcontractors, the indemnity obligations created under this clause shall not be limited by the fact of, amount, or type of benefits or compensation, payable by or for SUBCONTRACTOR, its lower-tier subcontractors or suppliers under any workers compensation, disability benefits, or other employee benefits acts or regulations, and SUBCONTRACTOR, specifically and knowingly, waives any limitation of liability arising from workers' compensation or such other acts or regulations.

4.10 Limitation of Liability

Except to the extent that the SUBCONTRACTOR is expressly responsible under this Subcontract for deficiencies in the services required to be performed under it (including any materials furnished in conjunction with those services), the SUBCONTRACTOR shall not be liable for loss of or damage to property of the Government that (1) occurs after Buyer acceptance of services performed under this Subcontract and (2) results from any defects or deficiencies in the services performed or materials furnished.

The limitation of liability shall not apply when a defect or deficiency in, or the Buyer's acceptance of, services performed or materials furnished results from willful misconduct or lack of good faith on the part of any of the SUBCONTRACTOR's managerial personnel. The term "SUBCONTRACTOR's Managerial Personnel", as used in this clause, means the SUBCONTRACTOR's directors, officers, and any of the SUBCONTRACTOR's managers, superintendents, or equivalent representatives who have supervision or direction of:

- a. All or substantially all of the SUBCONTRACTOR's business;
- b. All or substantially all of the SUBCONTRACTOR's operations at any one plant, laboratory, or separate location at which the Subcontract is being performed; or
- c. A separate and complete major industrial operation connected with the performance of the Subcontract.

If the SUBCONTRACTOR carries insurance, or has established a reserve for self-insurance, covering liability for loss or damage suffered by the Government or the Buyer through the SUBCONTRACTOR's performance of services or furnishing of material under this Subcontract, the SUBCONTRACTOR shall be liable to the Government or the Buyer, to the extent of such insurance or reserve, for loss of or damage to property of the Government occurring after Buyer's acceptance of, and resulting from any defects and deficiencies, in services performed or materials furnished under this Subcontract.

The SUBCONTRACTOR shall include this clause, including this paragraph, supplemented as necessary to reflect the relationship of the subcontracting parties, in all lower-tier Subcontracts over \$25,000.

4.11 Codes, Laws, and Regulations*

SUBCONTRACTOR shall comply strictly with local, municipal, state, federal and governmental laws, orders, codes and regulations applicable to SUBCONTRACTOR's operations in the performance of the Work hereunder.

SUBCONTRACTOR shall not, under any circumstances apply to or enter into negotiations with any governmental authority or agency for acceptance of variations from or revisions to safety or health, or air, water or noise pollution laws or regulations relating to this Subcontract or to the performance thereof, without CH2M HILL's prior written approval.

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SUBCONTRACTOR shall not, under any circumstances, cause or permit, in connection with the Work to be performed hereunder, the discharge, emission or release of any hazardous substance and/or waste, pollutant, contaminant or other substance in violation of any applicable laws, rules or regulations which are now or hereafter promulgated by any governmental authorities having jurisdiction over the Work. SUBCONTRACTOR shall comply with all regulatory requirements applicable to the Work performed under this Subcontract and shall be responsible for compliance with all hazardous waste, health and safety, notice, training, and environmental protection laws, rules, regulations and requirements. "Hazardous waste" includes all substances, which are or may be identified as such in 40 CFR, Part 261 or other applicable laws or regulations. SUBCONTRACTOR shall submit to CH2M HILL material safety data sheets (OSHA Form 20) as required by applicable regulation. As an inducement to award of this Subcontract, SUBCONTRACTOR warrants full compliance and that it will adhere to all applicable project hazardous waste procedures and, if necessary, obtain or arrange for, at its expense and in accordance with the terms of this Subcontract, all identification numbers, permits, applications and other requirements in connection with the Work. SUBCONTRACTOR agrees that it will not store any hazardous wastes at the jobsite for periods in excess of ninety (90) days or in violation of the applicable jobsite storage limitations imposed by law, the Government or CH2M HILL, whichever shall be more restrictive. SUBCONTRACTOR further agrees that it will not permit any accumulation in excess of the small quantity generator exclusion of 40 CFR, Part 261, or other applicable laws, as amended. SUBCONTRACTOR agrees to take, at its expense all actions necessary to protect third parties, including without limitation, employees and agents of the Government and CH2M HILL from any exposure to, or hazards of, hazardous and/or toxic wastes or substances generated or utilized in SUBCONTRACTOR's operations. SUBCONTRACTOR agrees to report to the appropriate governmental agencies all discharges, releases and spills of hazardous substances and/or wastes required to be reported by law and to immediately notify CH2M HILL of the same.

4.12 Foreign Ownership, Control, and Influence*

For purposes of this provision, a foreign interest is defined as any of the following:

- A foreign government or foreign government agency;
- Any form of business enterprise organized under the laws of any country other than the United States or its possessions;
- Any form of business enterprise organized or incorporated under the laws of the United States, or a State or other jurisdiction within the United States, which is owned, controlled, or influenced by a foreign government, agency, firm, corporation or person; or
- Any person who is not a United States citizen.

Foreign ownership, control, or influence (FOCI) means the situation where the degree of ownership, control, or influence over a SUBCONTRACTOR by a foreign interest is such that a reasonable basis exists for concluding that compromise of classified information or special nuclear material, as defined in 10 CFR Part 710, may result.

The SUBCONTRACTOR shall immediately provide the Buyer written notice of any changes in the extent and nature of FOCI over the SUBCONTRACTOR, which would affect the SUBCONTRACTOR's status. Further, notice of changes in ownership or control, which are required to be reported to the Securities and Exchange Commission, the Federal Trade Commission, or the Department of Justice shall also be furnished concurrently to the Buyer.

In those cases where a SUBCONTRACTOR has changes involving FOCI, the DOE must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, the Buyer shall consider proposals made by the SUBCONTRACTOR to avoid or mitigate foreign influences.

If the Buyer at any time determines that the SUBCONTRACTOR is, or is potentially, subject to FOCI, the SUBCONTRACTOR shall comply with such instructions as the Buyer shall provide in writing to safeguard any classified information or significant quantity of special nuclear material.

The SUBCONTRACTOR agrees to insert terms that conform substantially to the language of this clause including this paragraph in all lower-tier subcontracts under this Subcontract that will require access to classified information or a significant quantity of

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special nuclear material. Additionally, the SUBCONTRACTOR shall require such lower-tier subcontractors to submit a completed certification prior to award of a lower-tier subcontract. Information to be provided by a lower-tier subcontractor pursuant to this clause may be submitted directly to the Buyer.

Information submitted by the SUBCONTRACTOR or any affected lower-tier subcontractor as required pursuant to this clause shall be treated by CH2M HILL to the extent permitted by law, as business or financial information submitted in confidence to be used solely for purposes of evaluating FOCI.

The requirements of this provision are in addition to the requirement that a SUBCONTRACTOR obtain and retain the security clearances required by the Subcontract. This provision shall not operate as a limitation on the Government's rights, including its rights to terminate this Subcontract.

The Buyer may terminate this Subcontract for default either if the SUBCONTRACTOR fails to meet obligations imposed by this provision (e.g., provide the information required by this provision, comply with the Buyer's instructions about safeguarding classified information, or make this provision applicable to lower-tier subcontractors) or if, in the Buyer's judgment, the SUBCONTRACTOR creates a FOCI situation in order to avoid performance or a termination for default. The Buyer may terminate this Subcontract for convenience if the SUBCONTRACTOR becomes subject to FOCI and for reasons other than avoidance of performance of the Subcontract, cannot, or chooses not to, avoid or mitigate the FOCI problem.

4.13 Publicity*

SUBCONTRACTOR will not disclose the nature of its Work under this Subcontract or engage in any other publicity or public media disclosures with respect to this Subcontract without the prior written consent of CH2M HILL and Government.

4.14 Key Personnel

Certain SUBCONTRACTOR employees, as identified in the Special Provisions, may be designated as Key Personnel in this Subcontract. SUBCONTRACTOR agrees those individuals determined to be key individuals will not be changed or reassigned without the written agreement of CH2M HILL. If any of the designated key personnel become unavailable for assignment for Work under this Subcontract, the SUBCONTRACTOR, with the prior approval of CH2M HILL, will replace them with an individual substantially equal in abilities or qualifications.

4.15 Suspension of Work*

Buyer may at any time, and from time to time, by written notice to SUBCONTRACTOR suspend further performance of all or any portion of the Work by SUBCONTRACTOR. Said notice of suspension shall specify the date of suspension and the estimated duration of the suspension. Such suspensions shall not exceed one hundred eighty (180) consecutive calendar days each nor aggregate more than two hundred seventy (270) calendar days. Upon receiving any such notice of suspension, SUBCONTRACTOR shall promptly suspend further performance of the Work to the extent specified, and during the period of such suspension shall properly care for and protect all Work in progress and materials, supplies and equipment SUBCONTRACTOR has on hand for performance of the Work. Upon the request of Buyer, SUBCONTRACTOR shall promptly deliver to Buyer copies of outstanding subcontracts of SUBCONTRACTOR, and shall take such action relative to such subcontracts as may be directed by Buyer. SUBCONTRACTOR shall use its best efforts to utilize its material, labor and equipment in such a manner as to mitigate costs associated with suspension. Buyer may at any time withdraw the suspension of performance of the Work as to all or part of the suspended Work by written notice to SUBCONTRACTOR specifying the effective date and scope of withdrawal, and SUBCONTRACTOR shall resume diligent performance of the Work for which the suspension is withdrawn on the specified effective date of withdrawal.

If SUBCONTRACTOR believes that any such suspension or withdrawal of suspension justifies modification of the Subcontract price or time of completion, SUBCONTRACTOR shall comply with the "Changes" provision. SUBCONTRACTOR shall not be entitled to any prospective profits or any damages because of such suspension or withdrawals of suspension.

4.16 Counterfeit Items*

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CH2M HILL reserves the right to question and/or require SUBCONTRACTOR to certify and/or furnish proof regarding the quality, authenticity, application, or fitness for use of the items supplied by the SUBCONTRACTOR under this Subcontract. Any items furnished as part of this Subcontract and which have been previously found by CH2M HILL, the Department of Energy, or the Department of Commerce to be counterfeit or which are listed by the Department of Commerce to be suspect will be deemed, without more proof, to be subject to the above requirement of further proof or certification. CH2M HILL also reserves the right to question the circumstances and make available a report of any such review to the Government. All costs associated with conducting inquiries into and reporting on, components determined to be counterfeit, shall be recovered by CH2M HILL from SUBCONTRACTOR.

4.17 Acquisition of Real Property

Notwithstanding any other provision of this Subcontract, the SUBCONTRACTOR will obtain prior approval from the CH2M HILL Procurement Representative when, in performance of this Subcontract, the SUBCONTRACTOR acquires or proposes to acquire use of real property by lease when the Government will ultimately assume the liability for, or will otherwise pay for the obligation under the lease as a reimbursable Subcontract cost.

4.18 Management of SUBCONTRACTOR-Held Government-Owned Property*

This provision applies only if Government-furnished property is specifically identified elsewhere in the Subcontract.

SUBCONTRACTORS shall establish and maintain a system for the management of Government-owned personal property. As a minimum, the management system shall provide for the following:

- Adequate records.
- Controls over acquisitions.
- Identification as Government-owned personal property.
- Physical inventories.
- Proper care, maintenance, and protection.
- Controls over personal property requiring special handling (i.e., nuclear-related, proliferation-sensitive, hazardous, or contaminated property).
- Reporting, redistribution, and disposal of excess and surplus personal property.
- Accounting for personal property that is lost, damaged, destroyed, stolen, abandoned, or worn out.
- Periodic reports, including physical inventory results and total acquisition cost of Government property.
- An internal surveillance program, including periodic reviews, to ensure that personal property is being managed in accordance with established procedures.

4.19 Lowest Price Warranty

SUBCONTRACTOR warrants that the prices set forth in this Subcontract do not exceed those charged by SUBCONTRACTOR to any other customers purchasing the same item in like or comparable quantities.

The Buyer or an authorized representative shall have the right to examine the records of the SUBCONTRACTOR as necessary to assure that the prices charged for the item under this Subcontract do not exceed those charged by the SUBCONTRACTOR to any other customer purchasing the same items in like or comparable quantities.

4.20 Holiday and Work Schedules

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Daily work schedules and facility operations are NOT consistent on the Hanford Site. In addition, some organizations and facilities observe alternate Friday closures. Accordingly, BEFORE scheduling deliveries, the SUBCONTRACTOR shall make specific schedule arrangements for the delivery of materials with the Buyer, Facility Manager, Delivery Warehouse Manager, Building Manager, etc. The Buyer will not be liable for the cost of any delays, demurrage, layover, extra travel days, etc. which result from SUBCONTRACTOR's failure to obtain a specific schedule in advance. Current Hanford Site Facility Closure days are: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day (and following Friday), Christmas Eve and Christmas Day.

ARTICLE 5.0 OBLIGATIONS OF CH2M HILL

5.1 Changes

The Scope of Work shall be subject to change by additions, deletions or revisions thereto by CH2M HILL. SUBCONTRACTOR will be notified of such changes by receipt of additional and/or revised drawings, specifications, exhibits or other written notification.

SUBCONTRACTOR shall submit to CH2M HILL within ten (10) working days after receipt of notice of a change, a detailed takeoff with supporting calculations and pricing for the change together with any requested adjustments in the schedule. The pricing shall be itemized as required by CH2M HILL and shall be in sufficient detail to permit an analysis of all labor, material and equipment and shall cover all Work involved in the change, whether such Work was deleted, added or modified. Amounts related to subcontracts shall be supported in similar detail. In addition, if the proposal includes a time extension, justification therefore shall also be furnished.

SUBCONTRACTOR shall not perform changes in the Work until CH2M HILL has approved in writing the change and any adjustment in the schedule for performance of the Work. Upon receiving such written approval from CH2M HILL, SUBCONTRACTOR shall diligently perform the change in strict accordance with this Subcontract.

SUBCONTRACTOR shall not suspend performance of this Subcontract during the review and negotiation of any change, except as may be directed by CH2M HILL pursuant to clause "Suspension of Work."

SUBCONTRACTOR shall not comply with verbally directed changes to the Work. If SUBCONTRACTOR believes that any oral notice or instruction received from CH2M HILL will involve a change in the cost, time to perform or integrity of Work, the SUBCONTRACTOR shall require that the notice or instruction be given in writing. Any costs incurred by SUBCONTRACTOR to perform verbally directed changes shall be for the SUBCONTRACTOR's responsibility, and SUBCONTRACTOR waives any and all rights to claim from CH2M HILL for such costs or additional time to perform the Work as a result of compliance by the SUBCONTRACTOR with such verbally directed changes.

5.2 Technical Representative Responsibilities

CH2M HILL has elsewhere in this Subcontract designated the Buyer's Technical Representative (BTR). The BTR is responsible for monitoring and providing technical guidance for this Subcontract and should be contacted regarding questions or problems of a technical nature. The BTR is also responsible for appropriate surveillance of the SUBCONTRACTOR while on site. In no event, however, will an understanding or agreement, modification, change order, or any deviation from the terms of this Subcontract be effective or binding upon CH2M HILL unless formalized by proper Subcontract documents executed by the CH2M HILL Buyer prior to completion of this Subcontract. On all matters that pertain to Subcontract terms, the SUBCONTRACTOR shall contact the CH2M HILL Buyer specified within this Subcontract. When in the opinion of the SUBCONTRACTOR, the BTR requests or directs efforts outside the existing scope of the Subcontract, the SUBCONTRACTOR shall promptly notify the CH2M HILL Buyer in writing. No action shall be taken until the CH2M HILL Buyer has issued an appropriate modification to the Subcontract.

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ARTICLE 6.0 GENERAL LEGAL PROVISIONS

6.1 Confidential and Proprietary Information

CH2M HILL possesses information of a confidential and proprietary nature about businesses, products, services, and processes of CH2M HILL and the Government. This information, which relates to designs, technical experience, classified information, software, processing systems, databases, financial and other data, intellectual property including trade secrets, customers and vendors, personnel records, research, development, inventions, construction plans, manufacturing, engineering, accounting, bid data, sales and marketing including Subcontract terms, and any information generated pursuant to Work performed in accordance with the Subcontract (collectively, Confidential Information), constitutes a commercial asset of considerable value to CH2M HILL and the Government. SUBCONTRACTOR shall use such Confidential Information only for the purpose of performing Work in accordance with the Subcontract and not disclose such Confidential Information to any other person (including the media for purposes of publicity), partnership, venture, firm, government, or corporation without the express written consent of CH2M HILL or the Government, as appropriate. SUBCONTRACTOR further shall make all reasonable efforts to require its employees and any others, including lower-tier subcontractors, to maintain such Confidential Information in strictest confidence.

Confidential Information shall not include the following:

- Information that is acquired by SUBCONTRACTOR from others who have no confidential commitment to CH2M HILL or the Government; or
- Information that is part of the public domain or becomes, without fault or participation of SUBCONTRACTOR, part of the public domain, by publication or otherwise; or
- Information that is in SUBCONTRACTOR's possession prior to CH2M HILL's or the Government's disclosure to it; or
- Information that is developed independently by SUBCONTRACTOR; or
- Information that is required to be publicly disclosed under operation of law, for which SUBCONTRACTOR will provide at least five (5) days notice to CH2M HILL or the Government, as appropriate, before disclosure.

All drawings, specifications, prints, financial and other data, and any other written or electronically encoded materials (collectively, 'Documentation') furnished by CH2M HILL and the Government to SUBCONTRACTOR shall remain CH2M HILL's property. In addition, all Documentation developed by SUBCONTRACTOR in the performance of Work in accordance with the Subcontract shall become CH2M HILL 's property. Upon completion of Work, SUBCONTRACTOR shall either destroy or return such Documentation and any other Confidential Information reduced to tangible or electronic form, including copies thereof, to CH2M HILL unless CH2M HILL consents to otherwise.

Nothing contained in the Subcontract, or in any disclaimer made by CH2M HILL or the Government, shall be construed to grant SUBCONTRACTOR any license or other rights in or to disclosed Confidential Information or any patent, trademark, or copyright that has been or may be issued unless expressly conveyed by written agreement exclusive of the Subcontract.

In the event that Work performed by SUBCONTRACTOR in accordance with the Subcontract involves the collection or generation of data on persons or associations, SUBCONTRACTOR shall maintain strict confidentiality of records in accordance with the Privacy Act of 1974 (5 U.S.C. 552a), provisions of the Fair Credit Reporting Act (15 U.S.C. 1681), and applicable federal and state agency regulations. Violations of these statutes may result in criminal penalties.

6.2 Claims for Extra Work

In any case where SUBCONTRACTOR deems additional compensation will become due, SUBCONTRACTOR will notify CH2M HILL, in writing, of its intention to make claim for such compensation before it begins the Extra Work on which it bases the claim. If such notification is not given or SUBCONTRACTOR fails to keep strict account of actual cost, then SUBCONTRACTOR hereby agrees to waive the claim for such additional compensation. Such notice by SUBCONTRACTOR, and the fact that CH2M HILL has kept account of the cost, will not be construed as proving the validity of the claim. Claims for

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additional compensation shall be made in detail and submitted, in writing, to CH2M HILL within 10 days following completion of that portion of the Extra Work for which SUBCONTRACTOR bases its claim. In case the claim is found to be just, it will be allowed and paid for as provided in this Subcontract.

6.3 Assignment

SUBCONTRACTOR shall not assign any of the duties or rights or any claim arising out of or related to this Subcontract, whether arising in tort, Subcontract or otherwise, without the written consent of CH2M HILL. Any unauthorized assignment is void and unenforceable. These conditions and the entire Subcontract are binding on the heirs, successors, and assigns of the SUBCONTRACTOR. Government may designate to perform CH2M HILL's obligations hereunder. Upon receipt by SUBCONTRACTOR of written notice that the Government or a party so designated by the Government or CH2M HILL has accepted an assignment of this Subcontract, CH2M HILL shall be relieved of all responsibility hereunder and SUBCONTRACTOR shall thereafter look solely to such assignee for performance of CH2M HILL's obligations.

6.4 Termination

6.4.1 Termination for Convenience:

CH2M HILL may terminate all or part of this Subcontract for its convenience. In such event, SUBCONTRACTOR will be entitled to compensation for Work performed up to the date of termination and reasonable termination expenses as determined within the discretion of CH2M HILL. SUBCONTRACTOR will not be entitled to compensation or profit on Work not performed. Termination will be conducted in accordance with applicable portions of Part 49 of the Federal Acquisition Regulation (FAR) and FAR 52.249-6.

6.4.2 Termination for Default

CH2M HILL may, by written notice, terminate the whole or any part of this Subcontract for default in the event that SUBCONTRACTOR fails to perform any of the provisions of this Subcontract, or fails to make progress as to endanger performance of this Subcontract in accordance with its terms, or, in the opinion of CH2M HILL, becomes financially or legally incapable of completing the Work and does not correct such to CH2M HILL's reasonable satisfaction within a period of 7 days after receipt of notice from CH2M HILL specifying such failure. If, after notice of termination, it is determined for any reason that SUBCONTRACTOR was not in default or that the default was excusable, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to "TERMINATION FOR CONVENIENCE OF CH2M HILL." In the event of termination for default, SUBCONTRACTOR will not be entitled to termination expenses.

Regardless of the cause of termination, the SUBCONTRACTOR shall deliver to CH2M HILL legible copies of all completed or partially completed Work products and instruments of service and all materials and equipment previously paid for by CH2M HILL.

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In no case shall termination for any cause constitute a claim for consequential damages or damages based on loss of anticipated profits.

The rights and remedies of CH2M HILL provided in this Article will not be exclusive and are in addition to any other rights and remedies provided by law or equity or under this Subcontract.

6.5 Governing Law

Irrespective of the place of performance, this Subcontract will be construed and interpreted according to the Federal Common Law of Government Contracts as enunciated and applied by Federal judicial bodies, Boards of Contract Appeals and quasi-judicial agencies of the Federal Government. To the extent that the Federal Common Law of Government Contracts is not dispositive, the law of the State of Washington shall apply. In the event that either party hereto must resort to litigation to enforce a right or remedy conferred by law, equity or the provisions of this Subcontract, the parties hereby consent to the action being brought in the court of competent jurisdiction in the State of Washington.

6.6 Severability and Survival

If any of the provisions contained in this Subcontract are held invalid, illegal, or unenforceable, the enforceability of the other remaining provisions shall not be affected or impaired thereby. Limitations of liability, indemnities, and other express representations shall survive termination of this Subcontract for any cause.

6.7 No Third-Party Beneficiaries

This Subcontract gives no rights or benefits to anyone other than SUBCONTRACTOR and CH2M HILL, and has no third-party beneficiaries.

6.8 Work

The word "Work" will include all material, labor, tools, and all appliances, machinery, and transportation, necessary to perform and complete the Scope of Work, and such additional items not specifically indicated or described that can be reasonably inferred as belonging to the item described or indicated and as required by good practice to provide a complete and satisfactory system. As used herein, "provide" will be understood to mean "furnish and install, complete in-place."

6.9 Arbitration

In the event that CH2M HILL is required to arbitrate a dispute with a third party, which dispute arises out of or is directly related to this Subcontract, SUBCONTRACTOR agrees to join in such arbitration proceeding as CH2M HILL may direct and shall submit to such jurisdiction and be finally bound by the judgment rendered in accordance with the arbitration rules as may be established therein.

6.10 Disputes

In the event that the parties cannot, through reasoned negotiations, reach agreement on any issue arising out of the Subcontract, the issue will be considered a dispute and shall be resolved in accordance with the following:

If efforts at resolution through good faith discussions and/or negotiations fail to resolve the dispute, the parties agree that before taking any other action, they will consider the use of Alternate Dispute Resolution (ADR). In the event that non-binding mediation or arbitration is agreed upon, the site of the proceedings shall be Richland, Washington, unless otherwise agreed in writing by the parties. The rules for mediation or arbitration and the selection of the arbitrator shall be determined by mutual agreement of the parties. The mediator or arbitrator shall allocate cost, except that there shall be no pre-decisional interest costs, and each party shall bear its discretionary costs.

In the event ADR fails or is not used, primary jurisdiction for the resolution of any claim arising under this Subcontract shall reside in the United States Federal District Court for the Eastern District of Washington. If the requirements for jurisdiction in the United

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States District Court are not met, the litigation shall be brought in a Court of competent jurisdiction in Benton County, Washington. This Subcontract shall be enforced and interpreted, irrespective of the place of performance, in accordance with the Federal law of Government contracts. To the extent that Federal law is not dispositive of an issue, the laws of the State of Washington shall be applied.

Unless otherwise directed in writing by CH2M HILL, SUBCONTRACTOR shall proceed diligently with the performance of the Subcontract pending final resolution of the dispute.

6.11 Validity of Provisions

In the event any clause, or any part or portion of any clause of this Subcontract shall be held invalid, void or otherwise unenforceable, such holding shall not affect the remaining part or portions of that clause, or any other clause hereof.

6.12 Waiver

CH2M HILL's failure to insist on performance of any term, condition, or instruction, or to exercise any right or privilege included in this Subcontract, or its waiver of any breach, shall not thereafter waive any such term, condition, instruction, and/or any right or privilege. No asserted waiver of any right or benefit by CH2M HILL shall be valid unless such waiver is in writing, signed by CH2M HILL, supported by consideration and specifies the extent and nature of the rights or benefits being waived.

6.13 Gratuities

The SUBCONTRACTOR, its employees, agents or representatives shall not offer or give to an officer, official or employee of CH2M HILL or the Government, gifts, entertainment, payments, loans or other gratuities to influence the award of a Subcontract or obtain favorable treatment under a Subcontract.

Violation of this clause may be deemed by CH2M HILL to be a material breach of this Subcontract and any other Subcontract with CH2M HILL and subject all Subcontracts with SUBCONTRACTOR to Termination for Default, as well as any other remedies at law or in equity.

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6.14 Interpretation

Heading and titles of Clauses, Sections, paragraphs or other subparts of this Subcontract are for convenience of reference only and shall not be considered in interpreting the text of this Subcontract. No provision in this Subcontract is to be interpreted for or against any party because that party or its counsel drafted such provision.

ARTICLE 7.0 SUPPLEMENTAL TERMS AND CONDITIONS

General Intent. This Agreement is subject to the terms and conditions of CH2M HILL Hanford Group, Inc.'s Prime Contract Number DE-AC27-99RL14047. The general intent of these provisions is to incorporate into the purchase order or Subcontract all required Federal Acquisition Regulation (FAR) and Department of Energy Acquisition Regulation (DEAR) flow down contract clauses, and any other state or federally-mandated contract clauses, which are required to be so incorporated either by the FAR, DEAR, CH2M HILL's Prime Contract or applicable state or federal law.

Substitution of the Parties. Wherever required to make any FAR, DEAR, or Prime Contract clause incorporated herein to be meaningful, the term "Contractor" shall be read "SUBCONTRACTOR," and the term "Government" or "Contracting Officer" shall be read "CH2M HILL" with the exception of DEAR 952.250-70 Nuclear Hazards Indemnity Agreement (June 1996).

Specific Incorporated Clauses. Without in any way limiting the FAR, DEAR, or Prime Contract clauses to be incorporated herein, the following FAR and DEAR Contract Clauses are hereby specifically incorporated herein by reference with the same force and effect as if they were given in full text.

7.1 Federal Acquisition Regulation (48 CFR Chapter 1) Clauses and Department of Energy Acquisition Regulation (48 CFR Chapter 9) Clauses

Applicable to all orders:

1. FAR 52.224.1 Privacy Act Notification (Apr 1984)*
2. FAR 52.224-2 Privacy Act (Apr 1984)*
3. FAR 52.225-13 Restrictions on Certain Foreign Purchases (Jul 2000)*
4. FAR 52-227-14 Rights in Data-General (Modified per DEAR 927.409)(a)(June 1997)(Alternate 1-Jul 1995)*
5. FAR 52.244-6 Subcontracts for Commercial Items and Commercial Components (Oct 1998)*
6. FAR 52.245-5 Government Property (Cost-Reimbursement, Time and Materials, or Labor Hour Contracts) (Jan 1986)*
7. DEAR 952.204-2 Security (Sep 1997)*
8. DEAR 952.204-70 Classification/Declassification (Sep 1997)*
9. DEAR 952.208-70 Printing (Apr 1984)*
10. DEAR 952.227-9 Refund of Royalties (Feb 1995)*
11. DEAR952.227-11 Patent Rights – Retention by the Contractor (Short Form) (Feb 1995)*
12. DEAR 952.227-13 Patent Rights – Acquisition by the Government (Sep 1997)*
13. DEAR 952.247-70 Foreign Travel (Dec 2000)*
14. DEAR 952.250-70 Nuclear Hazards Indemnity Agreement (Jun 1996)*

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- 15. DEAR 970.5204-1 Counterintelligence (Dec 2000)*
- 16. DEAR 970.5204-2 Laws, Regulations, and DOE Directives (Dec 2000)*
- 17. DEAR 970.5215-4 Cost Reduction (Dec 2000)*
- 18. DEAR 970.5227-1 Rights in Data (Dec 2000)*
- 19. DEAR 970.5227-7 Royalty Information (Dec 2000)*
- 20. DEAR 970.5227-8 Refund of Royalties (Dec 2000)*
- 21. DEAR 970.5229-1 State and Local Taxes (Dec 2000)*
- 22. DEAR 970.5232-3 Accounts, Records, and Inspections (Dec 2000)*

Applicable to all orders over \$2,500:

- 23. FAR 52.222-41 Service Contract Act of 1965, As Amended (May 1989)*
- 24. FAR 52.222-47 SCA Minimum Wages and Fringe Benefits applicable to Successor Contract Pursuant to Predecessor Contractor Collective Bargaining Agreements (May 1989)*

Applicable to all orders over \$10,000:

- 25. FAR 52.222-21 Prohibition of Segregated Facilities (Feb 1999)*
- 26. FAR 52.222-26 Equal Opportunity (Feb 1999)*
- 27. FAR 52.222-35 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (Apr 1998)*
- 28. FAR 52.222-36 Affirmative Action for Workers with Disabilities (Jun 1998)*
- 29. FAR 52.227-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era (Jan 1999)*

Applicable to all orders over \$25,000:

- 30. FAR 52.209-6 Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Jul 1995)*
- 31. DEAR 970.5227-4 Authorization and Consent (Dec 2000)*
- 32. DEAR 970.5227-5 Notice and Assistance Regarding Patent and Copyright Infringement (Dec 2000)*

Applicable to all orders over \$100,000:

- 33. FAR 52.203-5 Covenant Against Contingent Fees (Apr 1984)*
- 34. FAR 52.203-6 Restrictions on Subcontractor Sales to the Government (Jul 1995)*
- 35. FAR 52.203-7 Anti-Kickback Procedures (Jul 1995)*
- 36. FAR 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997)*
- 37. FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (Jun 1997)*

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- 38. FAR 52.215-2 Audit and Records-Negotiation (Jun 1999)*
- 39. FAR 52.222-4 Contract Work Hours & Safety Standards Act-Overtime Compensation (Sep 2000)*
- 40. FAR 52.223-14 Toxic Chemical Release Reporting (Oct 2000)*
- 41. FAR 52.227-1 Authorization and Consent (Jul 1995) *
- 42. FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringements (Aug 1996) *
- 43. FAR 52.227-14 Rights in Data-General (Modified per DEAR 927.409(a)) (Jun 1987)(Alternate 1 - Jul 1995)*
- 44. FAR 52.242-13 Bankruptcy (Jul 1995)
- 45. DEAR 952.209-72 Organization Conflicts of Interest (Jun 1997)*
- 46. DEAR 970.5227-5 Notice and Assistance Regarding Patent and Copyright Infringement (Dec 2000)*

Applicable to all orders over \$500,000:

- 47. FAR 52.219-9 Small Business Subcontracting Plan (Oct 2000)*
- 48. FAR 52.230-2 Cost Accounting Standards (Apr 1998)*
- 49. FAR 52.230-3 Disclosure and Consistency of Cost Accounting Practices (Apr 1998) *
- 50. FAR 52.230-6 Administration of Cost Accounting Standard (Nov 1999) *
- 51. FAR 52.242-3 Penalties for Unallowable Costs (Oct 1995)*
- 52. DEAR 952.226-74 Displaced Employee Hiring Preference (Jun 1997) *
- 53. DEAR 970.5226-2 Workforce Restructuring Under Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Dec 2000)*

Applicable to all orders over \$550,000:

- 54. FAR 52.215-10 Price Reduction for Defective Cost or Pricing Data- (Oct 1997)*
- 55. FAR 52.215-11 Price Reduction for Defective Cost or Pricing Data-Modification (Oct 1997)*
- 56. FAR 52.215-12 Subcontractor Cost or Pricing Data (Oct 1997)*
- 57. FAR 52.215-13 Subcontractor Cost or Pricing Data – Modifications (Oct 1997)*
- 58. FAR 52.215-15 Pension Adjustments and Asset Reversions (Dec 1998)*
- 59. FAR 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRP) Other than Pensions (Oct 1997)*
- 60. FAR 52.215-19 Notification of Ownership Changes (Oct 1997)*